

Avista Corp.
1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170



VIA OVERNIGHT MAIL

July 29, 2016

Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

RECEIVED
2016 AUG -1 AM 9:01
IDAHO PUBLIC
UTILITIES COMMISSION

**RE: Case No. AVU-E-16-25
Power Cost Adjustment (PCA) Annual Rate Adjustment Filing of Avista Corporation**

Dear Commission Secretary:

Enclosed for filing with the Commission is Avista's Power Cost Adjustment (PCA) annual rate adjustment filing. The filing consists of an original and seven copies of Avista's Application and nine copies of prefiled testimony and exhibits. Also enclosed are three copies of supporting workpapers and documentation. A certificate of service, three copies of a customer notice, and three copies of a press release are also enclosed. A computer readable copy of the testimonies, exhibits, and workpapers, required under Rule 231.05, are included on an enclosed compact disc.

The Company is requesting that the Commission issue an order approving recovery of power costs deferred for the period July 1, 2015 through June 30, 2016, and approving a PCA rebate of 0.017¢ per kilowatt-hour to be effective October 1, 2016. Under the Company's proposal, the PCA rate for all customers, including residential customers, would decrease from a rebate rate of 0.032¢ per kilowatt-hour to a rebate rate of 0.017¢ per kilowatt-hour, or an increase in the billing rate of 0.015¢ per kilowatt-hour. Since PCA rate adjustments are spread on a uniform cents per kilowatt-hour basis, the resulting percentage increase varies by rate schedule. The overall increase is 0.2%.

For an average residential customer using 918 kilowatt-hours per month, the monthly increase will be \$0.14. Under present rates, a residential bill for 918 kilowatt-hours amounts to \$84.72. With the proposed rebate in place the monthly bill would be \$84.86, or 0.2% more than the bill under present rates.

Certain supporting documents are CONFIDENTIAL, rendering these documents exempt from public inspection, examination and copying pursuant to Sections 74-101 through 74-126 of the Idaho Code. Avista believes that the identified CONFIDENTIAL supporting documents contain valuable commercial information.

As such, Avista is submitting a separate electronic CD containing the electronic form of the CONFIDENTIAL supporting documents, in compliance with Rule 067.02.b.

Please direct any questions regarding this filing to Annette Brandon at (509) 495-4324 or Patrick Ehrbar at (509) 495-4620.

Sincerely,

A handwritten signature in black ink, appearing to read 'DJM', with a horizontal line extending to the right.

David J. Meyer

Vice President and Chief Counsel for Regulatory and Governmental Affairs

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Power Cost Adjustment (PCA) Annual Rate Adjustment Filing by mailing a copy thereof, postage prepaid, to the following:

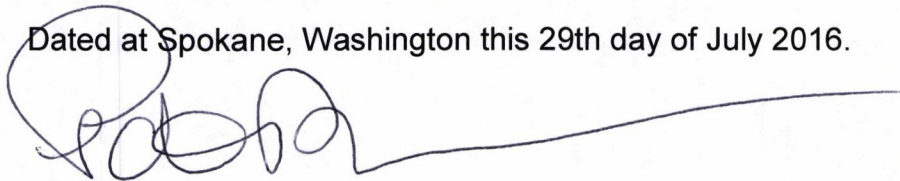
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

Marv Lewallen
Clearwater Paper
28530 SW Canyon Creek Rd. - South
Wilsonville, OR 97007
marv@malewallen.com
(Excluding Confidential Information)

Dean J. Miller
McDevitt & Miller LLP
3620 E. Warm Springs
Boise, ID 83716
Email: deanjmillar@cableone.com
(Excluding Confidential Information)

Larry A Crowley
The Energy Strategies Institute Inc
5549 S. Cliffsedge Ave
Boise, ID 83716
Email: crowlyla@aol.com
(Excluding Confidential Information)

Dated at Spokane, Washington this 29th day of July 2016.

A handwritten signature in blue ink, appearing to read 'Patrick Ehrbar', with a long horizontal line extending to the right.

Patrick Ehrbar
Senior Manager, Rates & Tariffs

RECEIVED

2016 AUG -1 AM 9:09

IDAHO PUBLIC
UTILITIES COMMISSION

1 DAVID J. MEYER
2 VICE PRESIDENT AND CHIEF COUNSEL FOR
3 REGULATORY AND GOVERNMENTAL AFFAIRS
4 AVISTA CORPORATION
5 1411 E. MISSION AVENUE
6 P. O. BOX 3727
7 SPOKANE, WASHINGTON 99220
8 PHONE: (509) 495-4316, FAX: (509) 495-8851

9

10 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

11 IN THE MATTER OF THE POWER COST)
12 ADJUSTMENT (PCA) ANNUAL RATE) CASE NO. AVU-E-16-05
13 ADJUSTMENT FILING OF AVISTA) APPLICATION OF AVISTA
14 CORPORATION) CORPORATION
15
16

17 I. INTRODUCTION

18 Avista Corporation, doing business as Avista Utilities
19 (hereinafter "Avista" or "Company"), at 1411 East Mission
20 Avenue, Spokane, Washington, respectfully files its Power
21 Cost Adjustment (PCA) annual rate adjustment filing in the
22 above referenced case. The Company requests the Commission
23 issue an order approving the level of power costs deferred in
24 the rebate direction for the period July 1, 2015 through June
25 30, 2016, and approving a PCA rebate rate of 0.017¢ per
26 kilowatt-hour to be effective October 1, 2016. The Company

1 requests that this filing be processed under the Commission's
2 Modified Procedure Rules.

3 Communications in reference to this Application should
4 be addressed to:

5 David J. Meyer, Esq.
6 Vice President and Chief Counsel for
7 Regulatory & Governmental Affairs
8 Avista Corporation
9 P.O. Box 3727
10 MSC-27
11 1411 E. Mission Ave
12 Spokane, WA 99220-3727
13 Phone: (509) 495-4316
14 Fax: (509) 495-8851
15 David.Meyer@avistacorp.com
16

17 Kelly Norwood
18 Vice President - State and Federal Regulation
19 Avista Utilities
20 P.O. Box 3727
21 MSC-27
22 1411 E. Mission Ave
23 Spokane, WA 99220-3727
24 Phone: (509) 495-4267
25 Fax: (509) 495-8851
26 Kelly.Norwood@avistacorp.com
27

28 Electronically
29 Dockets@Avistacorp.com
30

31 **II. BACKGROUND**

32 Avista's PCA is used to track changes in revenues and
33 costs associated with variations in hydroelectric generation,
34 secondary prices, thermal fuel costs, and changes in power
35 contract revenues and expenses. Avista's existing PCA
36 methodology and method of recovery were approved in Case No.

1 AVU-E-07-01 by Order No. 30361 dated June 29, 2007. In that
2 case the Commission approved a change in the PCA methodology
3 from a trigger and cap mechanism to a single annual PCA rate
4 adjustment filing requirement.

5 The Commission also approved a change in the method of
6 the PCA deferral rate adjustment from a uniform percentage
7 basis, to a uniform cents per kilowatt-hour basis effective
8 with the October 1, 2007 PCA rate change. By Order No. 32206
9 in Case No. GNR-E-10-03 dated March 15, 2011, the Commission
10 modified the retail revenue credit methodology and approved
11 a Load Change Adjustment Rate based on the energy classified
12 portion of embedded production revenue requirement effective
13 April 1, 2011.

14 The Commission approved the following procedural
15 schedule for administering the annual PCA filings:

16	August 1	Company filing for prior July - June
17		deferral period
18	September 1	Review and comments by Staff and other
19		interested parties
20	October 1	Commission Order and effective date of
21		PCA rate adjustment

22 The present PCA rebate was made effective on October 1,
23 2015. On July 31, 2015, in Case No. AVU-E-15-07, Avista filed

1 its annual PCA rate adjustment for the period July 1, 2014
2 through June 30, 2015 and requested a PCA rebate rate of
3 0.032¢ per kilowatt-hour effective October 1, 2015. The
4 Commission approved that application in Order No. 33389, dated
5 September 30, 2015.

6

7 III. DEFERRALS - JULY 1, 2015 THROUGH JUNE 30, 2016

8 The amount of power cost deferrals for the period July
9 1, 2015 through June 30, 2016 is shown below, as well as
10 interest for the same period. Company witness Mr. Johnson's
11 testimony provides an explanation of the factors causing the
12 deferral entries for the period. Company witness Mr. Ehrbar's
13 testimony addresses the deferral and interest amount.

14	Deferrals (July 2015 - June 2016)	(\$483,157)
15	Interest ¹	5,054
16	Rebate Balance at June 30, 2016	<u>(\$478,103)</u>

17 Monthly reports have been filed with the Commission
18 regarding actual PCA deferral entries to date. An additional
19 copy of those reports for the months of July 2015 through
20 June 2016 has been included with this filing and has also

¹ The PCA balance for the majority of the July 2015 through June 2016 time period was in the surcharge position. As such, interest was accrued in the surcharge direction, and was only partially offset by the monthly PCA rebate entries for February through June 2016. Therefore, net interest for the year was a surcharge even with an overall rebate balance.

1 been provided to Clearwater Paper Corporation and Idaho Forest
2 Group.

3

4 **IV. PROPOSED REBATE TO BE EFFECTIVE OCTOBER 1, 2016**

5 The Company is proposing a uniform cents per kilowatt-
6 hour PCA rebate rate of 0.017¢ to be effective October 1,
7 2016. Page 1 of Exhibit No. PDE-1 shows the calculation of
8 the proposed rebate. Attached as Exhibit "A" is a copy of
9 the proposed tariff, Schedule 66, which contains the proposed
10 PCA rebate rate. Exhibit "A" also includes the proposed
11 changes to Schedule 66 in strike/underline format. The
12 proposed rebate is designed to rebate the following:

13	Deferrals and interest for the July 1, 2015	
14	through June 30, 2016 period	\$ (478,103)
15	Projected Interest on Deferral July 1, 2016	
16	through September 30, 2016	\$ (1,209)
17	Unamortized Rebate and Interest from October 1,	
18	2015 through September 30, 2016 PCA	\$ (34,159)
19	Estimate of interest for October 1, 2015 through	
	September 30, 2016	\$ (2,561)
	Total	\$ (516,032)

20 After applying the conversion factor related to
21 commission fees and uncollectible customer accounts, the
22 resulting rebate of \$519,032 is divided by forecasted

1 kilowatt-hours to derive the proposed rebate rate of 0.017¢
2 per kilowatt-hour.

3 Since PCA rate changes are spread on a uniform cents per
4 kilowatt-hour basis, the resulting percentage increases vary
5 by rate schedule. Page 1 of Mr. Ehrbar's Exhibit No. PDE-1
6 shows the effect of the proposed PCA rebate by rate schedule.
7 Column (f) on page 1 of Exhibit No. PDE-1 shows the percentage
8 increase by rate schedule. The overall increase, after
9 accounting for the expiration of the existing rebate, and the
10 new rebate, is \$457,000, or 0.2%.

11 Residential customers using an average of 918 kilowatt-
12 hours per month would see their monthly bills increase from
13 \$84.72 to \$84.86, an increase of \$0.14 per month, or 0.2%.

14


15 **V. REQUEST FOR RELIEF**

16 The Company requests that the Commission issue an order
17 approving recovery of power costs deferred for the period
18 July 1, 2015 through June 30, 2016, and approving a PCA rebate
19 of 0.017¢ per kilowatt-hour to be effective October 1, 2016.
20 Under the Company's proposal, the PCA rate for all customers,
21 including residential customers, would decrease from a rebate
22 rate of 0.032¢ per kilowatt-hour to a rebate rate of 0.017¢
23 per kilowatt-hour, or an increase in the billing rate of

1 0.015¢ per kilowatt-hour. Since PCA rate adjustments are
2 spread on a uniform cents per kilowatt-hour basis, the
3 resulting percentage increase varies by rate schedule. The
4 overall increase is 0.2%. The Company requests that the
5 matter be processed under the Commission's Modified Procedure
6 rules through the use of written comments.

7 Dated at Spokane, Washington this 29th day of July 2016.

8 AVISTA CORPORATION

9
10 BY 
11 David J. Meyer
12 Vice President and Chief Counsel for
13 Regulatory and Governmental Affairs

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David J. Meyer, being first duly sworn on oath, deposes and says: That he is the Vice President and Chief Counsel for Regulatory and Governmental Affairs for Avista Corporation and makes this verification for and on behalf of said corporation, being thereto duly authorized;

01-

Commission Expires: 11-23-2017

Case No. AVU-E-16-05

Exhibit "A"

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66

TEMPORARY POWER COST ADJUSTMENT - IDAHO

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 41-49 are to be decreased by 0.017 ~~0.032~~¢ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 29 ~~31~~, 2015~~6~~

Effective October 1, 2015~~6~~

Issued by Avista Utilities
By

Kelly O. Norwood – Vice President, State & Federal Regulation

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 66**TEMPORARY POWER COST ADJUSTMENT - IDAHO****APPLICABLE:**

To Customers in the State of Idaho where the Company has electric service available. This Power Cost Adjustment shall be applicable to all retail customers for charges for electric energy sold. This Rate Adjustment is designed to recover or rebate a portion of the difference between actual and allowed net power supply costs.

MONTHLY RATE:

The energy charges of electric Schedules 1, 11, 12, 21, 22, 25, 25P, 31, 32, and 41-49 are to be decreased by 0.017¢ per kilowatt-hour in all blocks of these rate schedules.

SPECIAL TERMS AND CONDITIONS:

The rates set forth under this Schedule are subject to periodic review and adjustment by the IPUC based on the actual balance of deferred power costs.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued July 29, 2016

Effective October 1, 2016

Issued by Avista Utilities
By

Kelly O. Norwood – Vice President, State & Federal Regulation

